

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

October 30, 2000

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| IN RE: |) | |
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| NASHVILLE GAS COMPANY |) | DOCKET NO. 00-00168 |
| ACTUAL COST ADJUSTMENT (ACA) AUDIT |) | |

**ORDER ADOPTING ACA AUDIT REPORT OF TENNESSEE REGULATORY
AUTHORITY'S ENERGY AND WATER DIVISION**

This matter came before the Tennessee Regulatory Authority (the "Authority") at a regularly scheduled Authority Conference held on October 10, 2000, for consideration of the report of the Authority's Energy and Water Division (the "Staff") resulting from the Staff's audit of Nashville Gas Company's ("Nashville Gas" or the "Company") annual deferred gas cost account filing for the year ended December 31, 1999. The Actual Cost Adjustment Audit Report (the "Report" or "ACA"), attached hereto as Exhibit A, contains the audit findings of the Staff, the responses thereto of the Company, and the recommendations of the Staff to the Company in addressing the findings.

As stated in the Report, the Company made its ACA filing on February 25, 2000. The Company's filing showed an ACA balance at December 31, 1999 of \$6,298,409 in over-collection of gas costs. The Company began refunding this amount to its customers on April 1, 2000. The Staff's audit showed that there was an over-collection of gas costs in the amount of \$6,287,793 for the audit period. The result of the Staff's audit was a finding of a net under-collection of \$10,616 in gas costs for the audit period. The effect was to decrease the amount of

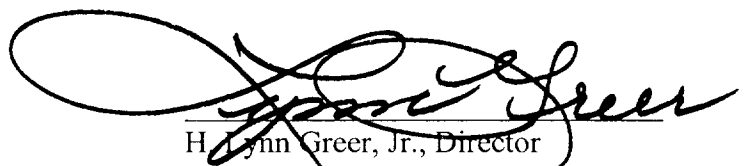
the over-collected balance by this amount. With respect to this decrease, the Report states that the Company customarily makes an adjustment for the Staff's findings to the Deferred Gas Cost account in the following audit period, and the Staff concurs with this method. As further stated in the Report, the Company agreed with each of the Staff's findings.

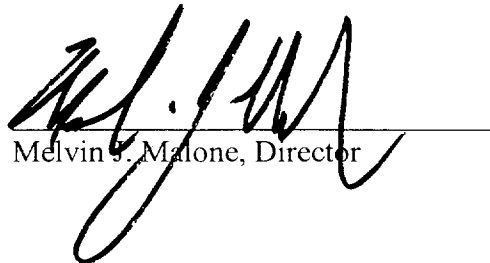
After consideration of the Report, the Authority unanimously approved and adopted the findings and recommendations contained therein.

IT IS THEREFORE ORDERED THAT:

1. The Actual Cost Adjustment Audit Report, a copy of which is attached to this order as Exhibit A, is approved and adopted, and the findings and recommendations contained therein are incorporated in this Order as if fully rewritten herein; and
2. Any party aggrieved by the Authority's decision in this matter may file a Petition for Reconsideration with the Authority within fifteen (15) days from the date of this Order.


Sara Kyle, Chairman


H. Lynn Greer, Jr., Director


Melvin G. Malone, Director

ATTEST:


K. David Waddell, Executive Secretary